

AMENDED IN ASSEMBLY JUNE 26, 2012

AMENDED IN ASSEMBLY MAY 31, 2011

AMENDED IN SENATE APRIL 7, 2011

**SENATE BILL**

**No. 301**

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**Introduced by Senator DeSaulnier**

February 14, 2011

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An act to amend Section ~~7073.1~~ 12098 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 301, as amended, DeSaulnier. ~~Enterprise zones: applications.~~  
*Office of Small Business Advocate.*

*Existing law establishes a small business advocate within the Department of General Services, and requires that advocate to carry out various powers and duties relating to the support of small businesses. Existing law requires each state agency to designate a small business advocate to serve as a liaison to small business suppliers.*

*Existing law establishes the Office of Small Business Advocate within the Governor's Office of Business and Economic Development. Existing law requires the advocate to carry out various duties relating to promoting small business, including, among others, posting on its Internet Web site the name and telephone number of each small business advocate designated by a state agency to serve as a liaison to small business suppliers.*

*This bill would require the Office of Small Business Advocate to also post on its Internet Web site the name and telephone number of the Department of General Services' small business advocate.*

The Enterprise Zone Act provides for the designation of enterprise zones by the Department of Housing and Community Development, based on the department's approval of applications from a city, county, or city and county with a geographic area meeting certain criteria. The act, among other things, sets forth the application process.

~~This bill would provide that for applications submitted on or after January 1, 2012, if any portion of the proposed zone is within, or was previously within, the boundaries of a previously designated zone, or if any portions of the proposed zone are within, or previously were within, the boundaries of 2 or more previously designated enterprise zones, the proposed enterprise zone would be prohibited from exceeding a specified aggregate size.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 12098 of the Government Code is  
2     amended to read:

3     12098. (a) The Legislature finds and declares that it is in the  
4     public interest to aid, counsel, assist, and protect, insofar as is  
5     possible, the interests of small business concerns in order to  
6     preserve free competitive enterprise and maintain a healthy state  
7     economy.

8     (b) In order to advocate the causes of small business and to  
9     provide small businesses with the information they need to survive  
10    in the marketplace, there is created within the Governor's Office  
11    of Business and Economic Development the Office of Small  
12    Business Advocate.

13    (c) The advocate shall post on his or her Internet Web site the  
14    name and telephone number of the *Department of General*  
15    *Services' small business advocate, which is designated pursuant*  
16    *to Section 14845 for the purpose of facilitating small business*  
17    *procurement-related issues, and each state agency's small business*  
18    *liaison advocate designated to serve as a liaison to small business*  
19    *suppliers pursuant to Section 14846.*

20    ~~SECTION 1. Section 7073.1 of the Government Code is~~  
21    ~~amended to read:~~

22    ~~7073.1. (a) Any city, county, or city and county with an eligible~~  
23    ~~area within its jurisdiction may complete a preliminary application~~

1 for designation as an enterprise zone. The applying entity shall  
2 establish definitive boundaries for the proposed enterprise zone  
3 and the targeted employment area. An entity may propose zones  
4 in areas with nonecontiguous boundaries, and the department may  
5 designate those areas as zones if the director determines both of  
6 the following:

7 (1) The noncontiguous area is needed to implement the  
8 applicant's economic development strategy.

9 (2) The excluded area between the proposed zone boundaries  
10 would not, based on the proposed economic strategy, also benefit  
11 from the zone designation.

12 (b) (1) In designating enterprise zones, the department shall  
13 select from the applications submitted those proposed enterprise  
14 zones that, upon a comparison of all of the applications submitted,  
15 indicate that they propose the most appropriate economic  
16 development strategy and implementation plan utilizing state and  
17 local programs and incentives to create jobs, attract private sector  
18 investment, and improve the economic conditions within the zone  
19 proposed. The department shall prescribe a format that promotes  
20 succinct and focused strategies and plans, and set minimum  
21 standards for the strategies and plans. For the purposes of this  
22 subdivision, important elements of a strategy or plan may include,  
23 but are not limited to, all of the following:

24 (A) An assessment of current financial and community  
25 development strengths, needs, and opportunities.

26 (B) A framework for investment of time, action, and money.

27 (C) Clear articulation of goals.

28 (D) Measurable objectives, including targets.

29 (E) Proposed implementation activities and tasks, including  
30 timeframes, and a framework for evaluating performance, including  
31 qualitative and quantitative benchmarks.

32 (2) For purposes of this subdivision, local incentives may  
33 include, but are not limited to, all of the following:

34 (A) The suspension or relaxation of locally originated or  
35 modified building codes, zoning laws, general development plans,  
36 or rent controls.

37 (B) The elimination or reduction of fees for applications,  
38 permits, and local government services.

39 (C) The establishment of a streamlined permit process.

~~(D) Elimination or reduction of construction taxes or business license taxes.~~

~~(E) The provision or expansion of infrastructure.~~

~~(F) The targeting of federal block grant moneys, including small cities, education, and health and welfare block grants.~~

~~(G) The targeting of economic development grants and loan moneys, including grant and loan moneys provided by the United States Department of Housing and Urban Development.~~

~~(H) The targeting of state and federal job disadvantaged and vocational education grant moneys, including moneys provided by the federal Workforce Investment Act of 1998 (Public Law 105-220), or its successor.~~

~~(I) The targeting of federal or state transportation grant moneys.~~

~~(J) The targeting of federal or state low-income housing and rental assistance moneys.~~

~~(K) The use of tax allocation bonds, special assessment bonds, bonds under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), industrial development bonds, revenue bonds, private activity bonds, housing bonds, bonds issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5), certificates of participation, hospital bonds, redevelopment bonds, school bonds, and all special provisions provided for under federal tax law for enterprise community or empowerment zone bonds.~~

~~(3) When designating new enterprise zones, the department shall take into consideration the location of existing zones and make every effort to locate new zones in a manner that will not adversely affect any existing zones.~~

~~(4) When reviewing and ranking new enterprise zone applications, the department shall give bonus points to applications from jurisdictions that meet minimum threshold points and at least two of the following criteria:~~

~~(A) The percentage of households within the census tracts of the proposed enterprise zone area, the income of which is below the poverty level, is at least 17.5 percent.~~

~~(B) The average unemployment rate for the census tracts of the proposed enterprise zone area was not less than five percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.~~

1     ~~(C) The applicant jurisdiction has, and can document that it has,~~  
2     ~~a unique distress factor affecting long-term economic development,~~  
3     ~~including, but not limited to, resource depletion, plant closure,~~  
4     ~~industry recession, natural disaster, or military base closure.~~

5     ~~(5) Except as modified pursuant to paragraph (4), applications~~  
6     ~~shall be ranked by the appropriateness of the economic~~  
7     ~~development strategy and implementation plan, including all of~~  
8     ~~the following:~~

9     ~~(A) The extent the strategy clearly identifies the local resources,~~  
10    ~~incentives, and programs that will be made available to the zone~~  
11    ~~for meeting its goals and objectives.~~

12    ~~(B) The extent the strategy provides for attracting private sector~~  
13    ~~investment.~~

14    ~~(C) The extent the strategy includes related regional and~~  
15    ~~community-based partnerships for achieving the goals and~~  
16    ~~objectives in the strategy.~~

17    ~~(D) The extent the strategy fits within the jurisdiction's overall~~  
18    ~~economic development strategy, including the extent the strategy~~  
19    ~~and implementation plan is appropriate for the local community.~~

20    ~~(E) The extent the strategy addresses the hiring and retention~~  
21    ~~of unemployed or underemployed residents or low-income~~  
22    ~~individuals in the proposed zone and surrounding areas.~~

23    ~~(F) The extent the strategy sets reasonable and measurable~~  
24    ~~benchmarks, goals, and objectives.~~

25    ~~(G) The extent the strategy sets forth an appropriate funding~~  
26    ~~schedule for management, oversight, and program delivery within~~  
27    ~~the zone relative to the benchmarks, goals, and objectives in the~~  
28    ~~strategy.~~

29    ~~(H) The extent that the economic development strategy has a~~  
30    ~~comprehensive incentive package for attracting private investment~~  
31    ~~to the enterprise zone.~~

32    ~~(e) For applications for enterprise zone designation submitted~~  
33    ~~on or after January 1, 2012, both of the following shall apply:~~

34    ~~(1) If any portion of the proposed zone is within, or previously~~  
35    ~~was within, the boundaries of a previously designated enterprise~~  
36    ~~zone, then the aggregate size of the proposed enterprise zone shall~~  
37    ~~not exceed the size of the previously designated enterprise zone~~  
38    ~~by more than 15 percent.~~

39    ~~(2) If any portions of the proposed zone are within, or previously~~  
40    ~~were within, the boundaries of two or more previously designated~~

1 enterprise zones, the aggregate size of the proposed enterprise zone  
2 shall not exceed the size of the largest single previously designated  
3 enterprise zone by more than 15 percent.

4 (d) ~~In evaluating applications for designation, the department~~  
5 ~~shall ensure that applications are not disqualified solely because~~  
6 ~~of technical deficiencies, and shall provide applicants with an~~  
7 ~~opportunity to correct the deficiencies. Applications shall be~~  
8 ~~disqualified if the deficiencies are not corrected within two weeks.~~

9 (e) ~~Except upon dedesignation pursuant to subdivision (c) of~~  
10 ~~Section 7076.1, Section 7076.2, or Section 7085.1, a designation~~  
11 ~~made by the department shall be binding for a period of 15 years~~  
12 ~~from the date of the original designation.~~

13 (f) ~~This section shall apply only to enterprise zone applications~~  
14 ~~for which the department has issued a solicitation for new~~  
15 ~~enterprise zone designations on or after January 1, 2007.~~